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June 10, 2003

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: D.T.E. 03-47, Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, NSTAR Gas Company, Pension/PBOP Adjustment Mechanism Tariff Filing, Discovery Responses

Dear Secretary Cottrell:

Enclosed for filing in the above-referenced matter are the responses of Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company and NSTAR Gas Company to the Information Requests set forth on the accompanying list.

Thank you for your attention to this matter.

Sincerely,

Robert N. Werlin / [illegible]

Robert N. Werlin

Enclosures
cc: Service List

Responses to Information Requests

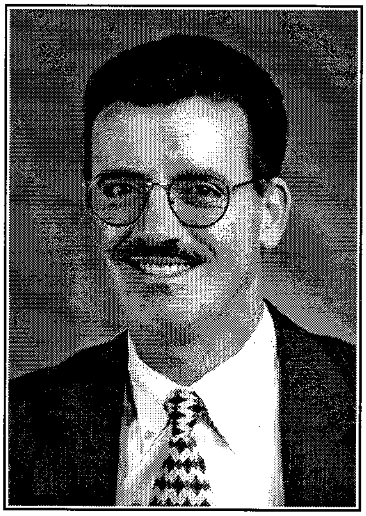
June 10, 2003

Information Request AG-1-1

Please provide a copy of Mr. Judge's curriculum vitae.

Response

Mr. Judge does not maintain a curriculum vitae. In an effort to be responsive to the question, Mr. Judge's "Bio Sheet" is provided in Attachment AG-1-1.



James J. Judge
Senior Vice President, Treasurer and Chief Financial Officer

NSTAR
800 Boylston Street
Boston, Massachusetts 02199
(617) 424-2000

Background
Senior Vice President, Treasurer and CFO
Boston Edison 1995 – 1999

Director, Corporate Planning and Assistant Treasurer
Boston Edison 1993 – 1995

Assistant Treasurer
Boston Edison 1990 – 1993

Introduction
Jim Judge is senior vice president, treasurer and chief financial officer at NSTAR. As chief financial officer, Jim is responsible for treasury and accounting operations, investor relations, strategic and financial planning, performance management, asset management, risk management and procurement.

Previously, Jim served as senior vice president and treasurer at Boston Edison Company and its parent firm BEC Energy. He also directed the Corporate Services Business Unit. He has extensive experience in the company's financial activities and was instrumental in negotiating the company's settlement dealing with electric utility industry restructuring in Massachusetts.

Jim joined Boston Edison in 1977 working in the rate department and the treasury organization before being named as Assistant Treasurer and head of Boston Edison's financial management department.

He holds both a master's degree and a bachelor of science in business administration from Babson College. Jim and his wife Mary have four children and live in Hanover, Mass.

About NSTAR
NSTAR is headquartered in Boston and serves approximately 1.4 million customers in Massachusetts including about 1.1 million electricity customers in 82 communities and 300,000 natural gas customers in 52 communities. A total of 28 communities receive both their gas and electricity from NSTAR.

NSTAR

For more information, call Media Communications, (617) 424-2460

Information Request AG-1-2

Please provide, for each of the Companies, the names of the firms providing the pension actuarial services for each of the last 12 years. For each of the firms, please also provide the name and titles of the managing actuary for each of those years.

Response

The Company's actuaries for the past 12 years are as follows:

Year	Firm	Lead Actuary
Boston Edison Company		
1992-1993	William M. Mercer, Inc.	Susan J. Velleman, F.S.A Managing Director
1994-1999	William M. Mercer, Inc.	Elizabeth M. Sylvia, F.S.A., Principal
COM/Energy		
1992-1994	Watson Wyatt Worldwide	Robert L. Forrest, Consulting Actuary
1995-1999	Watson Wyatt Worldwide	Christopher B. Johnson, M.A.A.A, Consulting Actuary
NSTAR		
2000-2003	Watson Wyatt Worldwide	Christopher B. Johnson, M.A.A.A, Consulting Actuary

Information Request AG-1-3

Please provide, for each of the Companies, the names of the firms providing the post-retirement benefits other than pensions actuarial services for each of the last 12 years. For each of the firms, please also provide the name and titles of the managing actuary for each of those years.

Response

Since the adoption of SFAS 106 in 1993, the Company has utilized the same actuaries for both pensions and PBOPs. Therefore, please see the response to Information Request AG-1-2 for a listing of the Company's actuaries.

Information Request AG-1-12

Please provide the contribution by each of the Companies to each of the post-retirement benefits other than pensions trust funds for each of the years 1990 through 2003.

Response

Voluntary Employees' Beneficiary Associations ("VEBAs") were established in 1993 for the purpose of funding PBOP benefits. Therefore, the requested information cannot be provided before 1993. The information for 1993 through 2003 was provided in response to Information Request DTE-1-2(Rev).

Information Request AG-1-15

Please provide the total post-retirement benefits other than pensions cost that each of the Companies recorded on its financial books in each of the years 1990 through 2003. Please also breakdown each year's cost into the amounts that were capitalized and the amounts that were expensed.

Response

SFAS 106 was effective January 1, 1993. Therefore, cost information relating to PBOPs cannot be provided before 1993. The information for 1993 through 2003 was provided in response to Information Request DTE-1-2(Rev).

Information Request AG-1-26

Referring to Exhibit NSTAR-JJJ, page 8, lines 15-19, please provide copies of the Companies' Policy Statements and Plans that provide for the structured form of governance and investment policy referred to that the Companies follow.

Response

For the pension fund, please see Attachments AG-1-26(a), AG-1-26(b), and AG-1-26(c).

For PBOP funds, The Retirees Benefit Trusts are invested in a diversified manner consisting of 50 percent domestic equity, 30 percent fixed income, 10 percent real estate and 10 percent hedge fund of funds. State Street Bank and Trust oversees the asset allocation and rebalances back to the target allocations, as necessary.

NSTAR Pension Plan Investment Policy

EXECUTIVE SUMMARY

Return Assumption: 9.0%

Risk Tolerance: Moderate

Adoption Date: April 30, 2003

Asset Allocation:

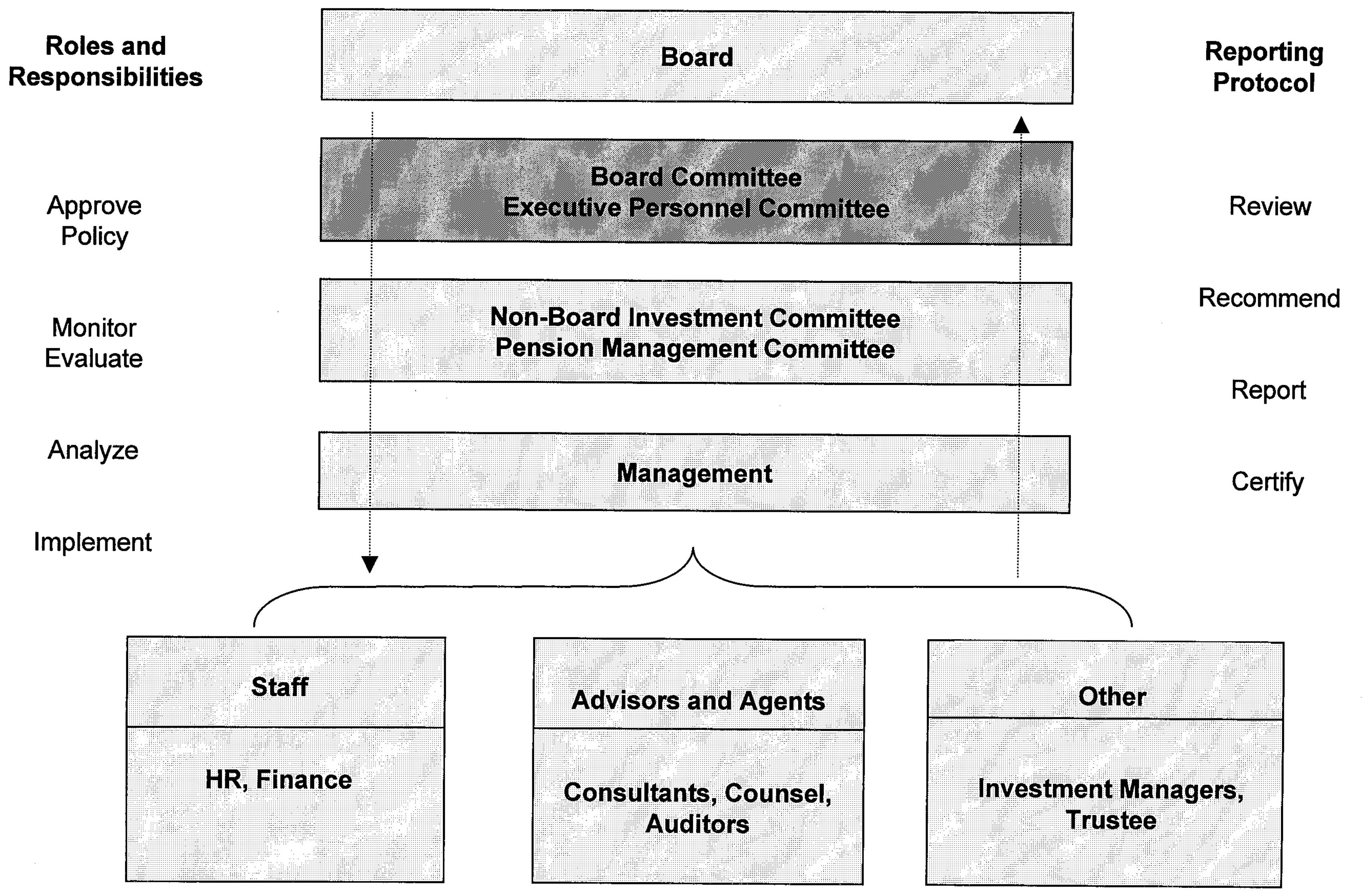
ASSET CLASS	TARGET %	PERMISSIBLE RANGE %	TARGET BENCHMARK
Equity	50	45 - 55	
U.S. Large Capitalization	25	20 - 30	S & P 500
U.S. Small / REITs	15	10 - 20	Russell 2000
International	10	5 - 15	SSB EPAC
Fixed Income	25	20 - 30	
Core Bonds	15	10 – 20	Lehman Agg.
High Yield	10	5 – 15	Lehman HY
Fund of Hedge Funds	10	5 - 15	Leh. Agg. +2%
Market Neutral	5	0 - 10	T-bills + 2%
Real Estate	10	5 - 15	NCREIF

Evaluation Benchmarks:

The Fund's principal investment goal is to earn 9% over the long-term. This is an absolute target rate of return objective defined by the Fund's long-term funding policies.

The investment performance of Investment Managers will be measured on a relative basis against the investment performance of other Investment Managers with similar investment styles. Investment performance will be measured against an appropriate index benchmark (e.g., large cap equity Investment Managers will be measured against the S&P 500 Index).

Investment Funds Governance



Governance – Investment Reporting Protocol

Form of Communication	Frequency	Reviewed By	Report	To Whom Report Sent
Trustee and Manager statements	Monthly and annually	Staff	Memorandum that statement is in order or detailed report that it is not	Assistant Treasurer
Plan cash flows, investment performance, commentary	Quarterly	Staff	Detailed report including consultant's review	Pension Management Committee
Financial report, manager performance, asset allocation, and policy evaluation	Annually	Pension Management Committee	Detailed annual review including measure of success meeting policy objectives	Executive Personnel Committee

Information Request AG-1-24

Please provide copies of all studies, analyses, memorandum, correspondence, and e-mails between the Company and its outside accountants regarding the Companies' D.T.E. 02-78 request for a deferral of its pension and post-retirement benefits other than pensions costs.

Response

No responsive written documents or emails between NSTAR and its auditors, PricewaterhouseCoopers, exists or were provided. Please see the Company's response to Information Request DTE-1-1.

Information Request AG-1-29

Referring to Exhibit NSTAR-JJJ, page 17, lines 12-18, please provide copies of the analyses and studies that determined the current projections of the future funding levels.

Response

Please see Attachment AG-1-29 for an analysis that projects funding levels for pension and PBOPs for 2004 through 2013.

NSTAR Pension Plan
FAS 87
Estimate of "Other Comprehensive Income" item for the Plan due to Minimum Liability Adjustment

Measurement Date	12/31/2000	12/31/2001	12/31/2002	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	2004-2013
Inputs:															
Discount rate	7.50%	7.25%	6.50%	7.00%	7.25%	7.25%	7.25%	7.50%	7.50%	7.50%	7.50%	7.75%	7.75%	7.75%	
Salary Scale	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	
Expected Return on Assets	10.00%	10.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	
Actual return for fiscal year	0.00%	0.00%	-16.40%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	
Contributions during next fiscal year	$ 61,000,000	$ 49,500,000	$ 60,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 21,000,000	$ 210,000,000
Development of Net Amount Recognized:															
Accumulated benefit obligation	$ (728,609,000)	$ (766,346,000)	$ (843,572,000)	$ (814,832,000)	$ (809,128,000)	$ (825,049,000)	$ (840,743,000)	$ (834,122,000)	$ (849,756,000)	$ (865,184,000)	$ (880,383,000)	$ (872,275,000)	$ (887,457,000)	$ (902,521,000)	
Projected benefit obligation	(782,666,000)	(821,708,000)	(917,492,000)	(889,035,000)	(885,454,000)	(904,940,000)	(924,315,000)	(919,239,000)	(937,828,000)	(956,176,000)	(974,237,000)	(966,420,000)	(983,032,000)	(999,183,000)	
Fair value of plan assets	847,234,000	790,704,000	665,897,000	747,495,000	771,760,000	795,027,000	817,038,000	837,500,000	856,084,000	872,419,000	886,088,000	896,624,000	903,502,000	906,135,000	
Funded Status	64,568,000	(31,004,000)	(251,595,000)	(141,540,000)	(113,694,000)	(109,913,000)	(107,277,000)	(81,739,000)	(81,744,000)	(83,757,000)	(88,149,000)	(69,796,000)	(79,530,000)	(93,048,000)	
Unrecognized (gain)/loss	93,765,000	257,899,000	515,859,000	438,362,000	387,542,000	364,075,000	342,594,000	298,644,000	282,388,000	267,545,000	254,002,000	216,108,000	206,659,000	198,071,000	
Unrecognized prior service cost	(10,625,000)	(9,762,000)	(8,228,000)	(7,418,000)	(6,608,000)	(5,798,000)	(4,988,000)	(4,178,000)	(3,368,000)	(2,558,000)	(1,748,000)	(938,000)	(128,000)	141,000	
Unrecognized transition obligation	2,182,000	1,581,000	980,000	379,000	-	-	-	-	-	-	-	-	-		-
Net Amount Recognized	$ 149,890,000	$ 218,714,000	$ 257,016,000	$ 289,783,000	$ 267,240,000	$ 248,364,000	$ 230,329,000	$ 212,727,000	$ 197,276,000	$ 181,230,000	$ 164,105,000	$ 145,374,000	$ 127,001,000	$ 105,164,000	
check		218,714,000	257,016,000	289,783,000	267,240,000	248,364,000	230,329,000	212,727,000	197,276,000	181,230,000	164,105,000	145,374,000	127,001,000	105,164,000	
Amounts Recognized in Financial Statement:															
Required minimum liability	-	-	(177,675,000)	(67,337,000)	(37,368,000)	(30,022,000)	(23,705,000)	-	-	-	-	-	-		-
Minimum liability adjustment	-	-	(434,691,000)	(357,120,000)	(304,608,000)	(278,386,000)	(254,034,000)	-	-	-	-	-	-		-
(Accrued liability)\Prepaid asset	$ 149,890,000	$ 218,714,000	$ (177,675,000)	$ (67,337,000)	$ (37,368,000)	$ (30,022,000)	$ (23,705,000)	$ 212,727,000	$ 197,276,000	$ 181,230,000	$ 164,105,000	$ 145,374,000	$ 127,001,000	$ 105,164,000	
Intangible asset	-	-	980,000	379,000	-	-	-	-	-	-	-	-	-		-
Other comprehensive income	-	-	433,711,000	356,741,000	304,608,000	278,386,000	254,034,000	-	-	-	-	-	-		-
Net Amount Recognized	$ 149,890,000	$ 218,714,000	$ 257,016,000	$ 289,783,000	$ 267,240,000	$ 248,364,000	$ 230,329,000	$ 212,727,000	$ 197,276,000	$ 181,230,000	$ 164,105,000	$ 145,374,000	$ 127,001,000	$ 105,164,000	
Components of Net Periodic Pension Cost:															
Fiscal year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Service cost	$ 13,727,000	$ 14,871,000	$ 17,615,000	$ 17,270,000	$ 17,730,000	$ 19,015,000	$ 20,394,000	$ 20,986,000	$ 22,560,000	$ 24,252,000	$ 26,071,000	$ 26,890,000	$ 28,974,000	$ 31,219,000	
Interest cost	56,418,000	57,564,000	56,727,000	60,214,000	62,011,000	63,326,000	64,628,000	66,364,000	67,643,000	68,897,000	70,125,000	71,720,000	72,865,000	73,967,000	
Expected return on assets	(78,397,000)	(74,426,000)	(58,917,000)	(60,882,000)	(62,474,000)	(63,925,000)	(65,204,000)	(66,281,000)	(67,120,000)	(67,681,000)	(67,919,000)	(67,784,000)	(67,220,000)	(66,165,000)	
Amortization of (gain)/loss	690,000	13,451,000	32,017,000	27,372,000	23,419,000	21,429,000	19,594,000	16,192,000	14,773,000	13,467,000	12,264,000	9,357,000	8,487,000	7,688,000	
Amortization of prior service cost	(863,000)	(863,000)	(810,000)	(810,000)	(810,000)	(810,000)	(810,000)	(810,000)	(810,000)	(810,000)	(810,000)	(810,000)	(269,000)		-
Amortization of transition obligation	601,000	601,000	601,000	379,000	-	-	-	-	-	-	-	-	-		-
Net periodic pension cost	$ (7,824,000)	$ 11,198,000	$ 47,233,000	$ 43,543,000	$ 39,876,000	$ 39,035,000	$ 38,602,000	$ 36,451,000	$ 37,046,000	$ 38,125,000	$ 39,731,000	$ 39,373,000	$ 42,837,000	$ 46,709,000	
ABO service cost	12,439,204	15,028,047	16,004,870	17,125,211	18,366,789	19,698,381	21,126,514	22,711,002	24,414,327	26,245,402	28,213,807	30,400,377	32,756,406	35,295,028	
Expected benefit payments	60,854,000	55,448,000	55,177,000	57,659,965	60,254,663	62,966,123	65,799,599	68,760,581	71,854,807	75,088,273	78,467,246	81,998,272	85,688,194	89,544,163	
expected ben pay - vsp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Expected expenses	5,033,000	3,563,000	3,920,000	4,312,000	4,743,200	5,217,520	5,739,272	6,313,199	6,944,519	7,638,971	8,402,868	9,243,155	10,167,470	11,184,217	
Average future expected working years	13.10	13	13	13	13	13	13	13	13	13	13	13	13	13	

duration - active	18%
duration - total	11%
duration - ABO	10%

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NSTAR Other Postretirement Benefits
FAS 106

Measurement Date	12/31/2000	12/31/2001	12/31/2002	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	2004-2013
Inputs:															
Discount rate	7.50%	7.25%	6.50%	7.00%	7.25%	7.25%	7.25%	7.50%	7.50%	7.50%	7.50%	7.75%	7.75%	7.75%	
Salary Scale	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	
Expected Return on Assets*	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	
Actual return for fiscal year				9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	
Contributions during next fiscal year	$ 39,721,000	$ 38,500,000	$ 38,500,000	$ 35,000,000	$ 35,000,000	$ 35,000,000	$ 35,000,000	$ 35,000,000	$ 35,000,000	$ 30,000,000	$ 30,000,000	$ 25,000,000	$ 25,000,000	$ 20,000,000	$ 320,000,000
Development of Net Amount Recognized:															
Accumulated postretirement benefit obligation	(434,524,000)	(469,903,000)	(571,673,000)	(557,425,000)	(559,726,000)	(577,236,000)	(595,169,000)	(597,732,000)	(616,490,000)	(635,730,000)	(655,465,000)	(658,307,000)	(678,920,000)	(700,105,000)	
Fair value of plan assets	225,624,000	225,848,000	215,074,000	246,155,000	275,051,000	305,159,000	336,522,000	369,181,000	403,180,000	438,560,000	470,139,000	502,713,000	531,055,000	559,914,000	
Funded Status	(208,900,000)	(244,055,000)	(356,599,000)	(311,270,000)	(284,675,000)	(272,077,000)	(258,647,000)	(228,551,000)	(213,310,000)	(197,170,000)	(185,326,000)	(155,594,000)	(147,865,000)	(140,191,000)	
Unrecognized (gain)/loss	70,836,000	134,006,000	283,651,000	240,466,000	211,453,000	199,485,000	188,571,000	162,834,000	154,895,000	147,710,000	141,225,000	117,988,000	113,960,000	110,398,000	
Unrecognized prior service cost	(17,644,000)	(16,233,000)	(35,730,000)	(33,220,000)	(30,710,000)	(28,200,000)	(25,690,000)	(23,180,000)	(20,670,000)	(18,160,000)	(15,650,000)	(13,140,000)	(10,630,000)	(8,120,000)	
Unrecognized transition obligation	67,400,000	61,784,000	56,168,000	50,552,000	44,936,000	39,320,000	33,704,000	28,088,000	22,472,000	16,856,000	11,240,000	5,624,000	8,000	-	
Net Amount Recognized	$ (88,308,000)	$(64,498,000)	$(52,510,000)	$(53,472,000)	$(58,996,000)	$(61,472,000)	$(62,062,000)	$(60,809,000)	$(56,613,000)	$(50,764,000)	$(48,511,000)	$(45,122,000)	$(44,527,000)	$(37,913,000)	
check		64,498,000	(52,510,000)	(53,472,000)	(58,996,000)	(61,472,000)	(62,062,000)	(60,809,000)	(56,613,000)	(50,764,000)	(48,511,000)	(45,122,000)	(44,527,000)	(37,913,000)	
Amounts Recognized in Financial Statement:															
(Accrued liability)\Prepaid asset	$ (88,308,000)	$(64,498,000)	$(52,510,000)	$(53,472,000)	$(58,996,000)	$(61,472,000)	$(62,062,000)	$(60,809,000)	$(56,613,000)	$(50,764,000)	$(48,511,000)	$(45,122,000)	$(44,527,000)	$(37,913,000)	
Components of Net PBOP Cost:															
Fiscal year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Service cost	$ 4,332,000	$ 5,204,000	$ 6,935,000	$ 6,799,000	$ 6,980,000	$ 7,486,000	$ 8,029,000	$ 8,262,000	$ 8,882,000	$ 9,548,000	$ 10,264,000	$ 10,587,000	$ 11,407,000	$ 12,291,000	
Interest cost	31,662,000	33,170,000	35,231,000	38,048,000	39,529,000	40,751,000	42,002,000	43,589,000	44,940,000	46,325,000	47,744,000	49,490,000	51,018,000	52,588,000	
Expected return on assets	(21,430,000)	(22,655,000)	(19,088,000)	(21,639,000)	(24,099,000)	(26,658,000)	(29,317,000)	(32,081,000)	(34,950,000)	(37,704,000)	(40,324,000)	(42,790,000)	(45,081,000)	(47,171,000)	
Amortization of (gain)/loss	2,352,000	6,588,000	13,278,000	14,210,000	11,960,000	10,905,000	9,927,000	7,928,000	7,173,000	6,472,000	5,821,000	4,012,000	3,544,000	3,107,000	
Amortization of prior service cost	(1,411,000)	(1,411,000)	(2,510,000)	(2,510,000)	(2,510,000)	(2,510,000)	(2,510,000)	(2,510,000)	(2,510,000)	(2,510,000)	(2,510,000)	(2,510,000)	(2,510,000)	(2,510,000)	
Amortization of transition obligation	5,616,000	5,616,000	5,616,000	5,616,000	5,616,000	5,616,000	5,616,000	5,616,000	5,616,000	5,616,000	5,616,000	5,616,000	8,000	-	
Net PBOP cost	$ 21,121,000	$ 26,512,000	$ 39,462,000	$ 40,524,000	$ 37,476,000	$ 35,590,000	$ 33,747,000	$ 30,804,000	$ 29,151,000	$ 27,747,000	$ 26,611,000	$ 24,405,000	$ 18,386,000	$ 18,305,000	
Expected benefit payments	25,412,000	25,412,000	26,555,540	27,750,539	28,999,314	30,304,283	31,667,975	33,093,034	34,582,221	36,138,421	37,764,650	39,464,059	41,239,942	43,095,739	
expected ben pay - vsp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Expected expenses	632,000	632,000	695,200	764,720	841,192	925,311	1,017,842	1,119,627	1,231,589	1,354,748	1,490,223	1,639,245	1,803,170	1,983,487	
Average future expected working years	13.10	13	13	13	13	13	13	13	13	13	13	13	13	13	
duration - active	18%														
duration - total	11%														

* For purposes of this analysis, all assets are assumed to return 9%. Management healthcare VEBA is taxable and therefore, will return a lower amount.

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Information Request AG-1-33

Referring to proposed Tariffs for Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, and NSTAR Gas Company, please identify each and every difference in the terms and provisions amongst those proposed Tariffs.

Response

The tariff's are identical in form except that for the Pension/PBOP Adjustment Factor for the gas company is divided by the Forecasted amount of therms rather than the forecasted kilowatt hours as is utilized for the electric companies.

Information Request AG-1-36

Please indicate whether the Company allocates / assigns any of its pension and post-retirement benefits other than pensions costs to its transmission services. If so, referring to the proposed Boston Edison Company Tariff, page 1, Sections 1.01 and 1.02, please provide a complete and detailed description of the reasons that only distribution service customers are subject to the proposed Pension / PBOP adjustment.

Response

Pension and PBOP costs are allocated to transmission customers through a FERC approved Transmission Tariff. This Transmission Tariff, which is a formula rate, collects the transmission share of the current year's costs. Therefore, the amount collected in rates for these costs varies yearly.

The calculation on Exhibit JJJ-4(Rev) for the amount collected in rates includes the amounts collected in the Transmission rates. For this reason, the amount used in calculation of ADA in section 1.05 of the tariff will change slightly for the electric companies each year to reflect the actual amount collected in the current year tariff for Transmission (see also response to Information Request DTE-2-6).

The transmission rates include both the transmission share of the 926 expense account, which includes both SFAS 87 and SFAS 106 expense as well as a carrying charge at the full weighted average cost of capital for the prepaid pension (see Exhibit NSTAR-JJJ, page 20, footnote 1).

With respect to the electric company PAM-1 tariffs, section 1.05, Pension and PBOP Adjustment Factor Formula, under the definition of ADA, the final sentence should read "(2) the pension and PBOP expenses included in currently effective base distribution and transmission rates" rather than "(2) the pension and PBOP expenses included in currently effective base distribution rates" because both transmission and distribution base rate recoveries are relevant to this section.

Information Request AG-1-37

Please indicate whether the Companies propose to have any filing requirements other than the proposed Tariff. If so, please provide a complete and detailed description of the testimony, documents, workpapers, calculations, and other filing requirements that the Companies propose.

Response

The Company's proposal is that the Pension/PBOP Adjustment Mechanism is fully reconciling. The annual filing and reconciliation process will be similar to and coincident with the transition charge, transmission, and Standard Offer/Default Service reconciliation. The schedules supporting the filing will be similar to the example calculation provided in Attachment DTE-1-4(Rev), with accompanying descriptive testimony. After the first of year, a full review of the costs and revenues would occur in conjunction with the normal annual review of all of the reconciling elements.

Information Request AG-1-38

Referring to the proposed Boston Edison Company Tariff, page 2, Section 1.04 (5), please provide the exact definition of "amounts recognized in accordance with SFAS 87 and SFAS 106," providing citation to any relevant documents.

Response

"Amounts recognized in accordance with SFAS 87 and SFAS 106" represent the total pension and PBOP costs that are required to be booked by the Company under generally accepted accounting principles. Also, please see Information Requests AG-1-34 and AG-1-35.

Information Request AG-1-39

Referring to the proposed Boston Edison Company Tariff, page 2, Section 1.04 (7), please provide the exact definition of "the total expense amounts booked by the Company in the Prior Year in accordance with the requirements of SFAS 87 and SFAS 106," providing citation to any relevant documents.

Response

"The total expense amounts booked by the Company in the Prior Year in accordance with the requirements of SFAS 87 and SFAS 106" represents the total pension and PBOP costs booked in the prior year, less pension and PBOP costs for time charged by employees to capital construction accounts. Also, please see Information Requests AG-1-34 and AG-1-35.

Information Request AG-1-40

Referring to the proposed Boston Edison Company Tariff, page 2, Section 1.05, please provide a complete and detailed description of the methodology that the Department will employ to determine "the pension and PBOP expenses included in currently effective base distribution rates," as included in the proposed ADA.

Response

Pension and PBOP expenses have been approved by the Department and included in currently effect base distribution rates. The Department made this determination in the following base rate cases:

Boston Edison	D.P.U.. 92-92
Commonwealth Electric	D.P.U.. 90-331
Cambridge Electric Light	D.P.U. 92-250
NSTAR Gas	D.P.U. 91-60

Since that time, the electric companies have had their base rates changed comply with the electric Restructuring Act. This resulted in the "unbundling" of retail rates into their individual components. The Department ruled on this unbundling of rates in the following restructuring cases:

Boston Edison	D.P.U./D.T.E. 96-23
Commonwealth Electric	D.P.U./D.T.E. 97-111
Cambridge Electric Light	D.P.U./D.T.E. 97-111

Information Request AG-1-41

Referring to the proposed Boston Edison Company Tariff, page 2, Section 1.05, please provide a complete and detailed description of the reasons that three years were chosen as the period to employ for the average of the cash contributions as included in the proposed ADA.

Response

Please see the Company's response to Information Request DTE-2-14.

Information Request AG-1-42

Referring to the proposed Boston Edison Company Tariff, page 2, Section 1.05, please provide a complete and detailed description of the reasons for fixing the three years through 2003 as the period to employ for the average of the cash contributions as included in the proposed ADA.

Response

Please see the Company's response to Information Request DTE-2-14.

Information Request AG-1-43

Referring to the proposed Boston Edison Company Tariff, page 2, Section 1.05, please provide a complete and detailed description of the methodology that the Company proposes to use to determine the "Unamortized Reconciliation Deferral at the beginning of the Prior Year" as included in the proposed URD for the initial filing of the PAF.

Response

For Boston Edison Company, the beginning balance for the Unamortized Reconciliation Deferral at the beginning of the Prior Year for the initial filing of the PAF will be $4.198 million as shown in the example calculation in the Company's response to Information Request DTE-1-4(Rev), Attachment DTE-1-4(Rev), page 1 line 7. As noted in the Company's response to Information Request DTE-2-10, the beginning balance reflects a pension deferral ordered in D.P.U. 92-92.

Information Request AG-1-45

Referring to the proposed Tariffs, page 2, Section 1.05, please indicate whether the term URD_x refers to a balance at the beginning of the year, the end of the year, or some other point in time (if any).

Response

The term URD_x refers to a balance at the end of the prior year. The date of each of the components of URD_x are described in page 2, section 1.05. So, for example, URD_{2004} is a component of the carrying charge calculation that would be collected in 2004, and that represents a balance at the end of 2003.

Information Request AG-1-46

Please provide the bond rating for each of the Companies as determined by each of the major bond ratings agencies.

Response

	Senior Unsecured Debt Ratings		
	S&P	Moody's	Fitch
Boston Edison Company	A	A1	AA-
Commonwealth Electric Co	A	N/A	A
NSTAR Gas	A	N/A	A
Cambridge Electric Light	A	N/A	A

Information Request AG-1-50

Please provide the current interest rate on commercial paper for each of the Companies.

Response

The only regulated distribution company that has a Commercial Paper Program is Boston Edison. On June 3, 2003, Boston Edison borrowed $13.5 million pursuant to its Commercial Paper Program at an interest rate of 1.28 percent for a maturity of 14 days.

Information Request AG-1-51

Referring to the proposed Tariffs, page 3, Section 1.05, please provide a complete and detailed description of the reasons that the Company proposes to use **one half** of the sum of the beginning and year end pre-paid amounts in determining the APPA. Please also provide all assumptions that the Company uses for that reasoning.

Response

In reference to page 3, Section 1.05 of the proposed Tariffs, the reason that the Company proposes to use one half of the sum of the beginning and year-end pre-paid amounts in determining the APPA is because the intent is to average the beginning and ending balances. A common method of calculating an average annual balance is to take one half of the sum of the beginning and ending amounts.

Information Request AG-1-54

Referring to the proposed Tariffs, page 3, Section 1.05, please provide a complete and detailed description of the methodology that the Companies will employ to determine "the amount of PAF revenue actually received by the Company in the Prior Year," when the Company proposes to file its case thirty days before the end of that year.

Response

The electric companies will determine the amount of PAF revenue received in the Prior Year and included in a filing, consistent with the methodology used for the annual reconciliation filings relating to transition charges, transmission charges, and Standard Offer and Default Service charges. Annual PAF revenues will reflect a combination of actual revenue taken from the companies' general ledger for those months actual revenue information is available, and months with forecast revenue will be taken from the companies' current forecasts.

NSTAR Gas Company will determine the amount of PAF revenue received in the Prior Year and included in a filing, consistent with the methodology used for the CGAC/LDAC reconciliation filing. Annual PAF revenues will reflect a combination of actual revenue taken from the company's general ledger for those months actual revenue information is available, and months with forecast revenue will be taken from the company's current forecast.

This mechanism is fully reconcilable, therefore, any deviation from forecast that results in an over/under collection will be subject to later collection or return with appropriate carrying charges. A true-up will be made in a subsequent filing each Spring consistent with the annual reconciliation filings of the electric companies.

Information Request AG-1-55

Referring to the proposed Tariffs, page 3, Section 1.05, please indicate the source(s) of the Forecasted kWhs and therms. Please also provide a complete and detailed description of the methodology used to determine those Forecasts.

Response

The source of the forecasted kWh sales for the upcoming year for the electric companies will be the Company's then-current projection of kWh sales. This projection of forecasted kWh sales that will be used to determine the PAF for the upcoming year will be consistent with the forecasted kWh included in the annual reconciliation filings relating to transition charges, transmission charges, and Standard Offer and Default Service charges.

The source of the forecasted therms for the upcoming year for NSTAR Gas Company will be the Company's then-current projection of therm sales. This projection of forecasted therm sales used to determine the PAF for the upcoming year will be consistent with the methodology and forecasted therms used in the annual CGAC/LDAC filing made in September each year.

Information Request AG-1-58

Referring to page two of the Companies' cover letter made with the filing, please itemize and quantify the "financial consequences" that would "negatively affect the Company's financial status."

Response

The existing accounting deficiency in the NSTAR pension fund could result in an impending charge to common equity if there is no specific approved rate-recovery mechanism to be implemented by January 1, 2004. This situation would have a detrimental effect on NSTAR's financial health as follows: (1) the Company's bond ratings are likely to be downgraded, which will increase the costs that the Company will incur to raise capital and finance utility operations; (2) the Company's credit agreements may be negatively affected by a downgrading, which could further impair the Company's access to capital to continue financing system improvements and fund utility operations; and (3) the Company's stock price would likely suffer, which would increase future costs of equity.

Information Request AG-1-59

Referring to page two of the Companies' cover letter made with the filing, please itemize and quantify the "financial consequences" that would "negatively affect the Company's financial status," if the Company did not make this filing.

Response

Please see the Company's response to Information Request AG-1-58.

Information Request AG-1-60

Referring to page two of the Companies' cover letter made with the filing, please itemize and quantify the "unnecessary negative effect on customers" that would occur, if the Company did not make this filing.

Response

Please see response to Information Request AG-1-58. The increased cost of capital referenced in the response would ultimately result in higher electric and gas rates for customers. In addition, the approval of the PAF mechanism would ensure that the Company's customers pay in rates no more than the Company's actual pension liability, and the Company will collect only the amount of its actual pension obligation. Such a reconciliation mechanism is consistent with the Department's rate-continuity principles in that it will stabilize and smooth out the recovery of the expense from customers.